COMMERCE DEPARTMENT

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Post-Disaster Insurance Guide



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A Message from Commerce

When disaster strikes, the road to recovery can feel overwhelming. Whether you're dealing with damage from a tornado, flood, fire, or another emergency, you shouldn't have to face the insurance process alone.

The Minnesota Department of Commerce is here to help. We oversee insurance companies doing business in Minnesota and work to ensure policyholders are treated fairly and claims are handled promptly.

This guide explains what to expect after a disaster, answers common insurance questions, and provides practical steps to help you navigate the claims and recovery process. If you need additional assistance, our Consumer Services Center is available to explain your rights, answer questions about your coverage, help resolve issues with your insurer, and protect you from fraud and scams that often follow disasters.

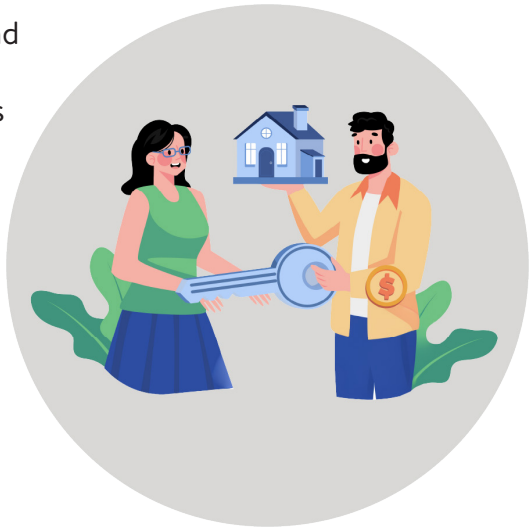
Recovery takes time, but you don't have to navigate it alone. We're here to help every step of the way.

Understanding Different Types of Property Insurance

Homeowners insurance

Homeowners insurance provides protection for your property in the event of loss or damage due to natural disaster (fire, severe weather), burglary, or other perils.

Policies typically consist of two parts: “property coverage” and “other structures.” Property coverage includes your dwelling (i.e., the home itself) and personal property. Other structures include garages, tool sheds, or similar types of buildings.



Renters insurance

If you rent, don’t assume that the property owner’s insurance policy will cover damage or loss to your personal belongings. Your landlord has insurance for structural damage to the building and this coverage does not extend to your personal property.

Renters insurance can fill this gap, protecting your personal property against damage or loss, insuring you in case someone is injured while on your property, and reimbursing you for temporary living expenses if your home is damaged and you have to live elsewhere.

The premiums for renters insurance average between $15 and $30 per month, depending on the location and size of the rental unit and the policyholder’s possessions. If you live with roommates, each tenant will need their own policy to cover their belongings.

Renters policies come in the form of actual cash value or replacement cost coverage. The type of policy you purchase can make a big difference in the amount you receive for your claim.

Actual cash value coverage will reimburse you for the current value of the property at the time of the claim. It’s important to account for depreciation (caused by age and wear and tear) when considering this coverage option. On the other hand, replacement cost coverage will reimburse the full value of the item.

Auto insurance

Auto insurance can protect you from the financial costs of repairing your damaged vehicle, if you have the proper coverage. It is also required by Minnesota law. Policies will vary beyond what is required by law and every policy will have limitations on what it covers and how much.

Storms can cause damage in a number of ways:

- Hail damage to the exterior and glass
- Flood damage to the engine and interior areas
- Wind-driven debris damage
- Damage from fallen trees
- Tornado damage

Coverage for these types of losses is provided by your policy under the "Comprehensive" portion of the auto policy. Some policies call this coverage "Other than Collision."



Other types of insurance coverage

Flood insurance

A standard homeowners policy does not provide flood coverage.

You can purchase coverage through the National Flood Insurance Program (NFIP). To be eligible, your community must participate in NFIP (most Minnesota communities do). Check with your city administrator or visit: http://www.floodsmart.gov/.



You can buy flood insurance from any licensed property insurance agent. Agents selling insurance in Minnesota must be licensed by the Department of Commerce. Use the License Lookup tool at mn.gov/commerce to verify the agent is licensed.

Keep in mind that there is a 30-day waiting period after you've applied and paid the premium before the policy is effective (with some exceptions).

If your home is damaged by a flood, file a claim with your insurance company immediately. Your adjuster will provide you with a proof-of-loss form you can use to file your claim. This document substantiates your claim and is required to receive the insurance payment.

Scheduled personal property coverage

Scheduled personal property coverage offers optional protection you can add to your homeowners policy to cover high-value items such as art, jewelry, electronics, memorabilia or collections. Also referred to as a "personal articles policy."

Sewer backup coverage

Ask your insurance agent or carrier if an endorsement for sewer backup coverage was added to your homeowners policy. If so, your losses may be covered if water damage was caused by sewer lines backing up through your home's drain pipes.

Tree damage

Most policies do not cover damage to trees or landscaping, but many policies have debris clean-up allowances. Check your policy and talk with your agent to see if you have this coverage.

There's Been A Disaster - What Should I Do Now?

1. Safe and sound

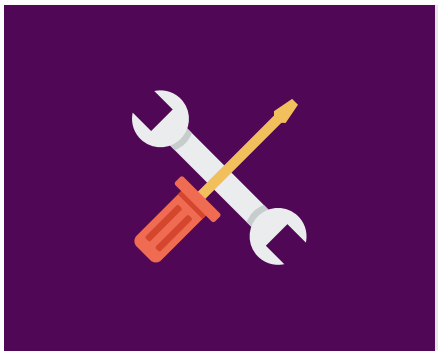
A disaster has hit my area and my home has been damaged. I've made sure my family is safe. What should I do next?

Shut off the electricity, and make sure there are no safety issues like downed electrical lines or broken gas lines. If there are safety issues, or if you have been evacuated, leave your home and wait for local authorities to tell you when you can return.

When inspecting your home, avoid broken glass and sharp objects or remove them. Watch out for things that could cause you to trip or fall.

There's a lot of damage to my home. What should I do about the damage?

Try to prevent further damage by making essential repairs, like covering roofs or windows with plywood, tarp, canvas, or other waterproof materials.



IMPORTANT:

KEEP ALL RECEIPTS FOR EMERGENCY REPAIRS TO GIVE TO YOUR INSURANCE COMPANY.

Because you have to prevent more damage, you may want to hire a contractor to make any emergency repairs.

Don't make permanent repairs before talking with your insurance agent or insurance company. Your company may not pay for repairs it didn't authorize.

If you're contacted by any contractors, review the section on Avoiding Insurance Fraud (page 26) to avoid being taken advantage of.

2. Additional living expenses (ALE)

Most homeowners policies also will pay the additional expenses you have if you can't stay in your home because of damage from a covered disaster. For example, if you've had to move into a hotel or apartment while your home is repaired or rebuilt, the insurance company will pay your costs for temporary housing.

Just don't expect the insurance company to pay for your stay at a 5-star resort or to eat out every night at the most expensive restaurant in town.

ALE is limited; see below for more information.

What types of living expenses does ALE pay for?

The insurance company will not pay all of your living expenses. ALE is to help pay those expenses that are beyond your normal expenses because you can't live in your home. For example, ALE coverage will pay hotel lodging, but it won't make your mortgage payment.

ALE typically covers hotel bills, reasonable restaurant meals (if you're staying in a hotel room with no kitchen), and other living costs above and beyond your normal housing expenses while you can't live in your home because of damage.

You need to be sure you keep ALL receipts for any additional costs you have. The insurance company will need the receipts to reimburse you.

Is there a limit to how long or how much I can use for my additional living expenses?

Keep in mind that ALE coverage is limited. Some policies have a dollar limit; some also may have a time limitation.

The good news is that these limits are separate from any coverage you have to rebuild or repair your home. They're also separate from any coverage you have to replace your belongings.

Ask your insurance company or adjuster what your policy covers and any time or dollar limits that apply.



Reporting an insurance claim

When should I report damage to my home or personal property?

The easiest way to report damage is to call your insurance company or agent directly.

What should I do if I don't have my company or agent's phone number?

If you have cell service, use your cell phone to search for phone numbers on the insurance company's website.

If you have limited or no cell service, look for mobile claims centers in your area. Local news outlets and social media usually announce their locations.

What do I need to know when I call to make a claim?

It will help if you have your policy number. But if you don't, your insurance company or agent can find your policy with your name, address, and phone number. You'll need to briefly explain what happened and describe the type and extent of the property damage.

If you aren't staying in your home, be prepared to give your insurance company the address and phone number for where you're staying.

Let your insurance company and agent know if you've taken photos and videos of the damage and have cost estimates.

What do I need to ask when I file a claim?

- The name and phone number for every person you talk to.
- Your claim or reference number.
- How long you have to file a claim.
- If you need estimates before you can file a claim to make repairs or rebuild.
- A general idea of what your policy will cover.
- Whether your insurance policy covers hotel costs. For how much? For how long?
- Information about your deductible. Are there separate deductibles for hail, hurricane, or wind damage? What are those?
- If there are any special processes or procedures you need to know about.
- When you can expect an adjuster to call.
- Other information the company will need to process the claim.

What other information or paperwork could the insurance company or agent ask for during the claims process?

A list of all damaged or destroyed personal property (a home inventory list) and receipts, if you have them, showing when you bought the damaged or destroyed items.

A list of damage to the home and other structures, like a garage, tool shed, or in-ground swimming pool. You'll need this list when you meet with the adjuster.

What if I don't have a completed list of my personal property?

Don't worry; the adjuster will give you some time to make a list. Ask the adjuster how much time you have to submit this inventory list.

- Work from memory if your property was destroyed and you have no records.
- Review photos taken inside your home. That may help you make the list.
- Search your order history from online shopping websites to help estimate costs.



What is a contractor?

A person you hire to manage the repair of your home. Your contractor is responsible for supplying the necessary equipment, materials, labor, and services to complete repairs.

Estimating the damage

What is an adjuster and what does an adjuster do?

An adjuster is a person who determines the amount of damage to your home and property—what can be repaired or replaced, and at what cost. An adjuster reviews your insurance policy to determine if the damage is covered and if there are any dollar limits or deductibles that apply. They also should explain your policy's coverage for the claim.

Are there different types of adjusters?

In major weather events or disasters, not all adjusters will live or work in your state. Some may be sent from other states to help when there's a large number of claims.

Company adjuster

- A company adjuster works only for that insurance company.
- The insurance company hires and pays a company adjuster. This adjuster will settle the claim based on the insurance coverage you have and the amount of damage to your home and property.
- **You do not pay a company adjuster.**

Independent adjuster

- An independent adjuster works for several different insurance companies. An insurance company uses independent adjusters when it doesn't have its own adjusters on staff or when it needs more adjusters than it has available; this often happens in a large disaster.
- An independent adjuster does the same work as a company adjuster (see above).
- **You do not pay an independent adjuster.**

Public adjuster

- A public adjuster is a professional you can hire to handle your insurance claim.
- Public adjusters have no ties to the insurance company.
- They estimate the damage to your home and property, review your insurance coverage, and negotiate a settlement of the insurance claim for you.
- Check if they are registered with the Minnesota Department of Commerce or if they have previous disciplinary action.
- ***You have to pay* a public adjuster.**

Working with the insurance adjuster

When will an adjuster come to inspect my property after I file a claim?

It depends—every disaster can be different. Ask your insurance company when you file the claim.

If you don't hear from an adjuster in a reasonable amount of time, contact your agent or the company. A reasonable amount of time could be 3 to 5 days for a minor claim. But, it may take longer for the adjuster to reach you following a large disaster in your area. Be sure they know how to contact you.

How should I prepare to meet with the adjuster?

- Gather any photos or videos of your home and property before they were damaged or destroyed.
- Make a list of all damaged or destroyed personal property. Make a list of damage to the home and other structures, like a garage, tool shed, or in-ground swimming pool. Work from memory or from photos if you have no records of your destroyed property.
- Include receipts from when you bought the damaged or destroyed items, if you have them. Search online shopping sites or online retailers to help estimate costs.
- If you have time before the adjuster inspects your home, try to get written bids from contractors. You aren't required to have bids, but it can help. The bids should detail the materials to be used, prices of those materials, and labor on a line-by-line basis.
- Take notes when you meet with the adjuster. Get the adjuster's name and contact information and ask when you can expect to hear back. You can write this information down in the Claims Communication Section in the back of this guide.

What will happen when the insurance adjuster comes to my property?

- You should be there when the adjuster comes to your home. You can show the adjuster where you believe there has been structural damage and give the lists you've prepared of property or structural damage, photos or videos you've taken, and bids from contractors.
- The adjuster will inspect your home and take photographs and measurements. While the adjuster is there, they may even do some calculations of the damage and cost to repair.
- Before the adjuster leaves, make sure you have their contact information. Ask the adjuster what happens next and when you should expect to hear from them again.
- Ask the adjuster if there's any other information you should provide. After the adjuster leaves, you may need to gather more information or start a personal property inventory list.

If I hire a public adjuster, will the insurance company still send its own adjuster?

The insurance company doesn't have to accept your public adjuster's estimates.

The insurance company will typically send either a company adjuster or an independent adjuster to assess and estimate damage to your home or property.

How is a public adjuster paid?

- If you hire a public adjuster, it's your responsibility to pay their fee. Decide if you think the assistance of an adjuster will help you recover enough to offset the fee.
- Public adjusters can charge a flat fee or a fee that's based on a percentage of the settlement you get from your insurer.
- In some states, the maximum a public adjuster can charge is set by law. The maximum also may vary depending on whether a widespread catastrophe caused your loss.
- A public adjuster should give you a contract explaining what services the adjuster will provide and how much you will pay.
- **If you hire a public adjuster after your insurer has made an initial offer, ask about the fee. The contract should say if the fee you'll pay will be based on the total the insurance company pays or on the amount the public adjuster negotiates for you.**
- You should ask your public adjuster to routinely provide you updates on the status of your claim.



Avoid adjusters who:

- Claim to be from a government agency.
- Insist their services are mandatory.
- Use high-pressure sales tactics.
- Refuse to provide a written contract.

Determining coverage (settling a claim)

What if I'm not satisfied the amount of my insurance settlement?

- Your settlement won't necessarily be the same as your neighbor's. Your coverages, deductible, and policy limits may be different even if the damage looks the same.
- If the insurance company denies any part of the claim, ask for the denial in writing. Keep all paperwork.
- If you don't believe the offer is fair, call the insurance company. Be prepared to explain why you think the offer is unfair. If you're not satisfied with the response, contact the Minnesota Department of Commerce.

How do I get a settlement offer? Who gives me that?

The company adjuster or independent adjuster will calculate the amount of damage to your home and property. They will review your policy and determine what deductibles may apply and if there are any limits on what will be paid. Once they've made those calculations, they'll contact you and your public adjuster or lawyer (if you have one) and share their estimates and calculations with you. They also may contact your contractor about their estimates and calculations.





Will I get a lump sum payment and when will I receive money?

The settlement process is not a single transaction. You'll get a number of payments for different parts of your claim to help you start the rebuilding and repairing process. You'll likely receive a payment for your additional living expenses mentioned above. Then you'll start to receive payments to replace your personal property, followed by payments for the repairs and construction on your home.

Why did the insurance company make the check payable to me AND my mortgage company?

If you have a mortgage on your home, your lender has an interest in making sure the home is rebuilt – or that your loan is paid in full. Your mortgage lender required you to add them as an additional insured party on your homeowners policy. Because of this, the insurer is obligated to include them on the check it pays for major repairs. If your damage was relatively minor and your insurance settlement is less than $10,000, the mortgage servicer will usually endorse the check and return it to you immediately. You'll need to work with your mortgage lender to get the claim money released for repairs. If you have problems working with your mortgage lender, contact the Minnesota Department of Commerce or the Attorney General's Office for assistance. The federal government also has a website where you can make a complaint against your bank or mortgage lender: https://www.usa.gov/complaints-lender.

How long will it take for my insurance claim to be settled?

Everyone wants the process to be done as fast as possible so they can return to a normal life.

If there's substantial damage involving your home and property, an insurance claim is not going to be closed with a single payment. There will be payments for various parts of your claim as the rebuilding process moves along. Most people find it takes at least 18 to 24 months to repair/rebuild their home and replace their possessions after a major disaster. Your insurance claim will stay open until the insurer has made all payments you're entitled to under your policy. Because your insurer is responsible for returning your property to its original value, they may require an inspection of the construction work (which they will pay for) before releasing all the funds.

What if the insurance company doesn't agree with the public adjuster's or my contractor's estimate of the damage?

Differences in construction estimates are common. Ideally, you and the insurance company should agree on a "scope of loss." This is a detailed list of the quantities of construction materials, labor, profit and overhead, building code compliance, and every single item required to repair or rebuild your home.

Once you've submitted all the information that your insurance company needs, including written estimates from contractors, the adjuster will calculate the total cost.

If you disagree with the claim amount the adjuster has calculated, there are different ways to settle that disagreement without going to court. Two ways are appraisal and arbitration.

Appraisal:

If you can't agree with your insurance company about how much it will cost to rebuild your home and/or repair or replace your property, you can use the appraisal process to resolve the differences. This isn't the same as an appraisal you may have of your home's value.

The appraisal process begins with two appraisers comparing their estimates. The appraisal process only determines costs, not if your policy covers these costs. It isn't a court proceeding.

If you use the appraisal process, you'll have to pay some of the costs. What you'll have to pay will depend on state law.

If your policy has an appraisal clause, you must go through the appraisal process before you can sue your insurance company.

Arbitration:

Arbitration is a legal process, but you don't have to go to court. In an arbitration hearing, a neutral third party (arbitrator) hears from both you and your insurance company. Both parties agree to accept the arbitrator's decision. Usually the decision is binding so you can't go to court to appeal the decision.

Some insurance policies require arbitration to settle differences. Other policies will say how arbitration will work if both you and your insurance company agree to use it. If you use arbitration, you'll have to split the cost with the insurance company. But, some state laws may require you or your insurance company to pay the full cost if you aren't successful.

How the Minnesota Department of Commerce can help

If you cannot resolve the dispute to your satisfaction, you can contact the Minnesota Department of Commerce's Consumer Services Center to ask questions or file a complaint.

Center staff work to resolve disputes between consumers and the insurance industry informally. Contact the Consumer Services Center by email at consumer.protection@state.mn.us or by phone 651-539-1600 or 800-657-3602 (greater Minnesota only).

How is a claim payment amount calculated?

A number of important insurance terms will help you understand how your insurance claim will be paid. The following sections explain terms like deductible, depreciation, Actual Cash Value, and Replacement Cost.

What is a deductible?

A deductible is the part (or amount) of the claim for which you are responsible. Insurance companies will deduct this amount from any claim settlements they pay to you or on your behalf. So if your insurance policy has a $1,000 deductible, that means you've agreed to pay $1,000 out of your pocket for the damage to your home.

Are there different types of deductibles?

Yes. A deductible can be either a specific dollar amount or a percentage of the total amount of insurance. There are special deductibles that apply to certain types of claims; some deductibles are applied to specific parts of your home. Look at the declarations page or the front page of most homeowners insurance policies to learn about your policy's deductible.

How are deductibles used to calculate a claim?

Some insurance policies have a special deductible for losses caused by wind, hurricanes, or other types of storms. The insurer applies this deductible when one of those types of disasters causes the damage. If something else damages your home, then the "all peril" deductible would apply.

Flat Dollar Deductible
$500 Deductible per Loss

A disaster destroyed your home. Your home was insured for $250K (structure only) and it will cost $250K to rebuild it. You have a $500 deductible.

Damage and Cost to Rebuild:	**$250,000**
Minus the Deductible:	**– $500**

Claim Settlement Amount: $249,500

Percentage Deductible
2% Deductible per Loss

A disaster destroyed your home. Your home was insured for $250K (structure only) and it will cost $250K to rebuild it. You have a 2% deductible.

Insured Value:	**$250,000**

2% Deductible: $250,000 x 2% = $5,000

Damage and Cost to Rebuild: $250,000

Minus the Deductible:	**– $5,000**

Claim Settlement Amount: $245,000

Some policies also may have a special deductible that applies to a specific part of your home, like your roof. In these cases, the deductible could be either a flat dollar amount or a percentage.

Replacement cost versus actual cash value

Replacement cost value (RCV) coverage

Your policy will pay the cost to repair or replace your damaged property without deducting for depreciation.

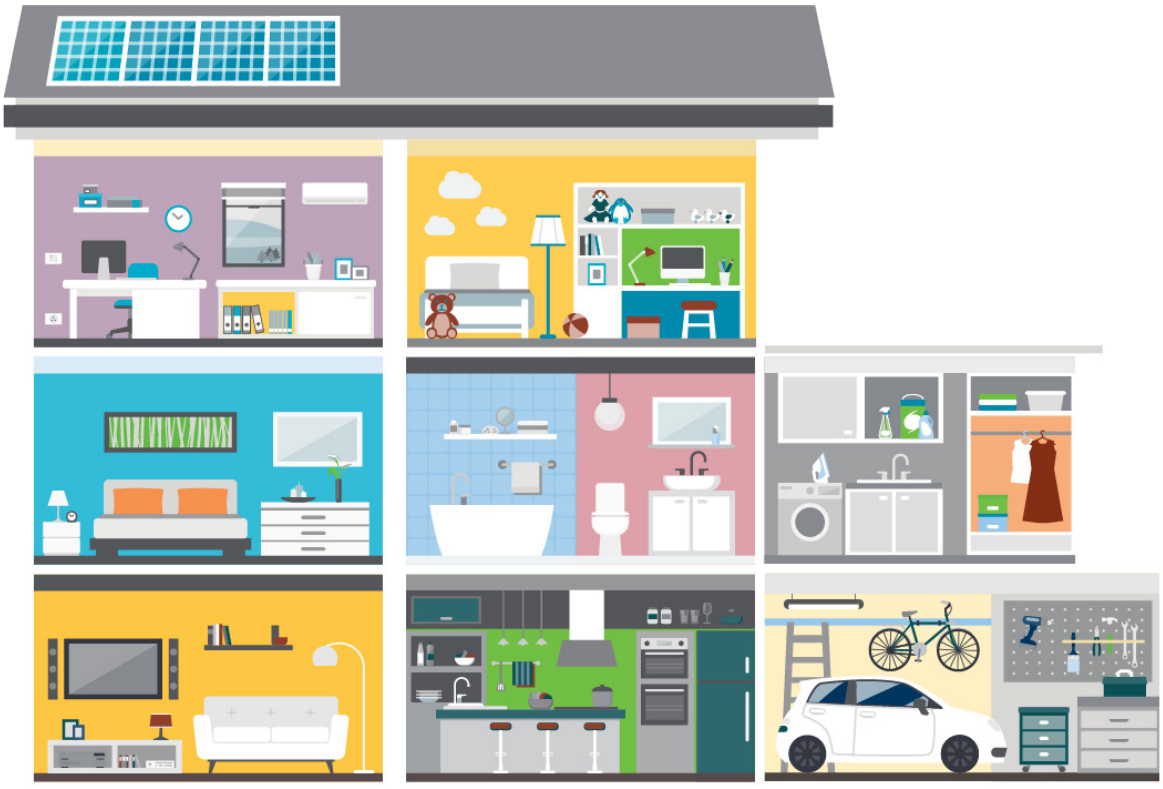
Actual cash value (ACV) coverage

Your policy will pay the depreciated cost to repair or replace your damaged property.

Check the declarations page of your homeowners policy to see whether the policy provides replacement cost coverage. If it doesn't specify replacement cost, then your policy likely only covers actual cash value. If it specifies replacement cost, then you have replacement cost coverage.

Under an RCV or ACV policy, your dwelling coverage pays for damage to the structure and will pay only up to the policy limit.

Even if you bought an RCV policy, there may be other limits on what the policy will pay for damage to certain surfaces, such as roofs. In some cases, the policy may pay ACV on your roof, but RCV on the rest of your home and property. If you have questions, call the adjuster or your insurer and ask what type of coverage you have.



Example:

The Smiths and the Johnsons are next door neighbors. Their homes are exactly the same size, built in the same year, and have the exact same floorplan. One night, a terrible storm tears through their town, destroying the Smith's and the Johnson's roofs. Both roofs have the same damage. The Smiths and the Johnsons have a $1,000 deductible, and both roofs will cost $15,000 to replace. The Smiths have a replacement cost policy, while the Johnsons have an actual cash value policy.

Smith's / Replacement Cost Value	
Insurance valuation method: RCV	
Cost of roof 10 years ago:	$15,000
Policy deductible:	$1,000
Cost to replace roof:	$15,000
Depreciation not applicable for RCV	
Insurance Payment:	
$15,000 cost of new roof	
—$0 depreciation (no depreciation with RCV)	
—$1,000 deductible	
= $14,000 Insurance payment	

Johnson's / Actual Cash Value	
Insurance valuation method: ACV	
Cost of roof 10 years ago:	$15,000
Policy deductible:	$1,000
Cost to replace roof:	$15,000
Depreciation schedule:	*$1,000/yr*
Insurance Payment:	
$15,000 cost of new roof	
—$10,000 depreciation ($1,000/yr x 10 yrs)	
—$1,000 deductible	
= $4,000 Insurance payment	

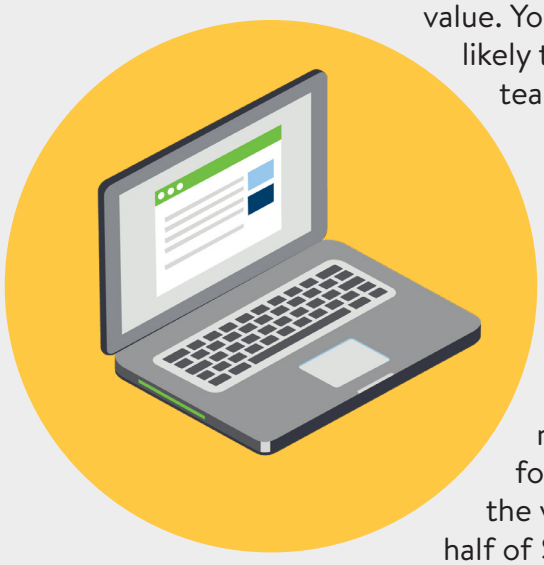
How does Ddepreciation work?

Is all depreciation the same?

No. Depreciation in an insurance claim is much different than depreciation on assets for taxes and is different from an accountant's calculation of depreciation on property.

In an insurance claim, the deduction for depreciation may be significant, especially if the damaged property was at or near the end of its useful life. For example, if a covered cause of loss destroys your 20-year-old roof and it must be replaced, a policy that pays RCV will cover the full cost to replace the roof. However, an ACV policy may pay as little as 20% of the cost to replace the roof, since the useful life of a roof is usually about 25 years.

What is "depreciation" and how does it affect my claim?



Everything covered under your homeowners policy is assigned a value. Your home, and most of its contents and components, are likely to decline in value over time because of age or wear and tear. This loss in value is known as depreciation.

Insurers usually calculate depreciation based on the condition of the property when it was lost or damaged, what a new one would cost, and how long the item would normally last.

For example, your two-year-old laptop that was in good condition was destroyed in a disaster. A similar new laptop would cost $750. Your laptop normally lasts four years, so it had lost 50% of its value (25% a year). So, the value of your laptop at the time it was destroyed was half of $750, or $375. Your insurance settlement would include $375 to reimburse you for this laptop.

$750 – $375 = $375

Cost of a new laptop (Replacement cost value)	50% depreciation (2 years x 25% per year)	Value of your laptop (Actual cash value)

I have a replacement cost policy, but my insurance company only paid for part of the claim. Can they do that?

When you have an RCV policy and turn in a claim for a covered loss, the insurer at first may pay only the ACV for the damage to your home or personal property.

But, when you present evidence that the damaged property has been repaired or replaced, the insurer will pay the difference (this is referred to as "recoverable depreciation") up to the replacement cost.

Recoverable depreciation is calculated as the difference between an item's replacement cost and ACV.

Is there a time limit on when I can get paid for the recoverable depreciation?

Yes, there's usually a time limit. That time limit can range from 6 months to up to one year, depending on state laws and your policy.

In certain circumstances, like a very large-scale disaster, insurance companies know it will take longer to rebuild homes and replace property. They'll give you more time if you ask.

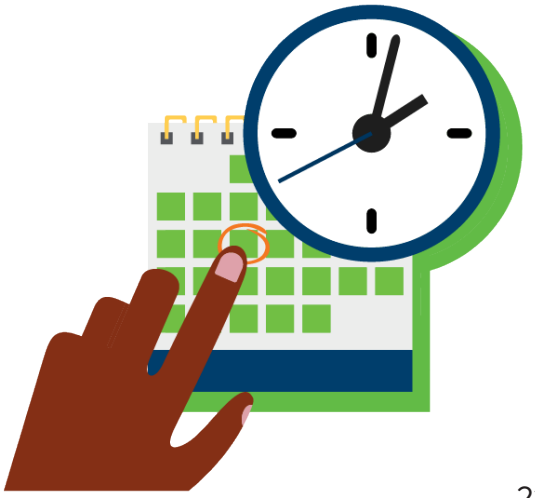
If you have questions about this time frame, ask your adjuster. You also can contact the Minnesota Department of Commerce.



I was told I have to replace with "like kind and quality." What does that mean?

Most insurance policies that are Replacement Cost cover repairs or replacements with property of "like kind and quality."

Your insurance policy isn't intended to pay for expensive improvements or upgrades. For example, if you had a 3–tab shingle roof before the loss, your insurance policy would cover the cost of another 3–tab shingle roof, but not a more expensive slate roof. If you had ceramic bathroom sinks in your home, your insurance policy won't pay the extra cost to replace those with granite countertops.



My adjuster mentioned that some of my property has a special limit. What is that?

A special limit caps how much money you'll be paid for certain types of property. Don't confuse this with the contents or personal property limits.

A special limit will apply to specific categories of property like jewelry, furs, guns, antiques, collector items, and coins.

My home and/or property were destroyed and can't be repaired. Can I use the insurance settlement to build or buy another home somewhere else?

Check your insurance policy and talk with your agent or company.

You may not get the same settlement if you don't rebuild on the same location.

What is "functional replacement"?

Another type of coverage becoming more common, particularly with older homes, is known as "Functional Replacement Coverage" (FRC). FRC replaces the damaged property with a functional replacement, which isn't necessarily the same quality and craftsmanship as the original materials.

A simple example would be replacing plaster walls with drywall. Both provide solid walls and have the same function, yet the cost varies greatly between the two. Another example would be a damaged banister in a home. The repair could be made with wood carved in the same architectural style, but using a less expensive wood. Another example would be replacing a tile roof with a shingle roof.

What Is ordinance and law coverage?

- In many instances, your local government may require your home to be repaired or rebuilt to meet current local building codes. Unless you have Ordinance and Law coverage, a standard homeowners policy doesn't cover that added expense.
- Ordinance and Law coverage in your homeowners insurance policy covers part or all of the cost to repair or rebuild your home to meet current local building codes. For example, electrical wiring, plumbing, windows, and roofing materials are some things that may need to be updated.
- Standard homeowners policies don't cover the added expense to meet current building codes when you repair or replace your home. Look at the declarations page of your policy to see if you have Ordinance and Law coverage.

Setting up a payment plan

If your house is completely destroyed, the mortgage still exists. Most mortgage service companies will work with you to set up a payment plan, provide a grace period for late charges, and help in any way possible.

Contact your mortgage servicer, inform them of your situation, and ask them to explain what assistance they offer. You may be eligible for a grace period if:

- Your ability to make payments has changed because your place of employment or ability to work was affected by a disaster.
- Your spouse died, is missing, or was injured in the disaster.
- Your property has been damaged or destroyed and is within a federally declared disaster area.

During this grace period most mortgage servicers will waive late fees and stop any late payment collection activities. It's important to contact them to find out what assistance you are eligible for and the requirements for repaying any payments missed during the grace period.

Using your insurance settlement

You do not have to use your insurance settlement to pay off your mortgage and you should continue making your normal monthly payments. Your mortgage service company will keep your insurance settlement money in escrow and release it to you in installments so you can repair or rebuild your home.



Be cautious in the recovery period

I've accepted the insurance company's settlement and I'm ready to repair/ rebuild. What do I need to know?

- Use reputable contractors. Reputable contractors usually don't ask for a large payment upfront.
- Contractors may be licensed or registered. The difference is important. A licensed contractor has passed exams and met other requirements to show that they are competent. A registered contractor has provided contact information to a government authority. You can learn more about licensing and registration of contractors visiting the Minnesota Department of Labor and Industry website. Make sure they have a local phone number and address (not a PO box). If you hire an unlicensed contractor, you will not have access to the Contractor's Recovery Fund, which is available to compensate consumers who have suffered losses due to a contractor's fraudulent, deceptive, or dishonest practices.
- Ask your contractor to show you the building permits. Contractors will most likely need to apply and pay for building permits before beginning work. And, don't forget to check with your local officials about any requirements for permits or inspections.
- Get an estimate from more than one contractor. An estimate from a contractor that's much lower than any of the others doesn't mean it's the best deal. Make sure all the quotes include the same things and check references.
- Contact your insurance company and adjuster any time you find damage that hasn't already been reported or inspected or if you learn something new about damage to your home or property.



What should I know about a contractor before hiring one?

Get the following information:

- a copy of the contractor's identification (the contractor's name and the name of the business);
- a copy of the contractor's business license (check the expiration date);
- a copy of the contractor's proof of worker's compensation insurance; and
- a copy of the contractor's proof of liability insurance. A licensed insurance agent or company issues this certificate. The proof of insurance should show the company's name, phone number, and the policy number. Call the insurance company to verify the coverage.

Signing a contract

Before you sign a contract, make sure that you understand what you are signing and read the document carefully. Ask questions if you don't understand the terms.

Make sure the contract includes a detailed summary of the work to be done, a description of the materials to be used, a total contract price or how the price will be calculated.

Assignment of benefits

Some states allow assignments of benefits (AOB) after a loss. This agreement transfers your rights under your insurance policy and your claim to a third party, most often your contractor.

Be cautious if you're asked to sign an AOB. Typically, there's a promise from the contractor to handle all matters with the insurance company for you, which may sound great. But you also may be giving up some, most, or even all of your rights, including having a lawsuit filed without your approval or knowledge.

Take your time to review any AOB carefully. Talk to your claims adjuster or ask an attorney to review and give you advice. You can also call the Department of Commerce.

What can I do to avoid scams?

After storms and other disasters, fraudsters and scam artists often arrive quickly. Watch for contractors who offer to do your repairs with upgraded or free building materials. Here are a few tips to help you avoid becoming a victim of a disaster fraudster or scam artist:

- If you're working with contractors you don't know, find out where they're from. Many fraudsters travel from state to state.
- Before you sign any contracts or pay any money, ask for references.
- Never pay the full amount before the work is complete.
- Ask your local Better Business Bureau and state Attorney General's Office about complaints.
- Check online for information about the contractor.
- Most importantly, report any suspected fraud to your insurance agent and the Minnesota Department of Commerce as soon as possible.



Moving On & Preparing for the Future

I've just gone through a disaster. How can I prepare for the next one?

There are two different parts of preparation – preparing your home and preparing yourself financially.

Preparing your home

While you're rebuilding, think about what you can do to minimize damage to your home during the next storm or disaster. This is called mitigation.

Ways you can limit future damage:

You can make changes to your home to limit damage during a future tornado, wildfire, hurricane, or high wind.

Secure entry doors. Make sure entry doors have a two-inch deadbolt and three hinges with screws long enough to secure the door and frame to the wall. The frame should be well anchored.

Install impact-resistant windows. Local building codes in some areas require this.

Leave the windows closed in a storm. Opening the window doesn't equalize the pressure between the inside and outside of the house. Instead, it pressurizes the inside of the house, like blowing up a balloon until it pops. The air pushes off the roof or a wall and the house collapses.

Create a wildfire defense area. Remove flammable materials from around your home. Trim overhanging branches. Remove dead trees and bushes. Clean gutters and clear them of leaves and pine needles.

Install mesh screens over exterior vents. This will prevent fire embers from getting inside your home.

Brace your garage door. You can buy bracing products that will make your door stronger and more wind resistant. If you're expecting bad weather and haven't braced your garage door, you can put a vertical brace into the wall framing and floor, much as you would board up a window before a hurricane.

Install wind-resistant roof structures. Roofs are usually installed with roofing nails. But this type of roof can come off in high winds. Using hurricane clips to attach roofs creates a stronger connection between the roof and the house. Roofing clips come in a range of protection; the one you need depends on the weight of your roof. The building codes in hurricane-prone areas require roofing clips, but they're a good idea in tornado-prone areas too.

Store firewood and other flammable materials away from home, garage, or deck.

A number of great resources available online can give you more ideas about ways you can reduce or avoid damage to your home.

- Ready.gov (US Department of Homeland Security)
- FEMA Mitigation Resources (US Department of Homeland Security)
- Ready, Set Go! (Wildfire resiliency)



Business Insurance

Are you prepared?

Is your business ready for disaster?

- Do you have an emergency response plan for employees and customers?
- Do you have copies of important papers and information stored off-site?
- Does the information include: details on business assets, receipts, photos, insurance policies, contact details for your agent or company? These documents will assist you when you file a claim later.

Minimize your risks:

- Install fire and security alarms.
- Plan and train employees for emergencies on the premises, such as fires and evacuations.
- Direct employees to keep wallets and other personal items in a secure place and put the business's cash and other valuables in a safe.
- Maintain office space in good physical condition.

Manage property and liability costs

- Review all insurance policies annually and note any changes that may affect your coverage costs. For example, your premiums could be impacted by the addition or reduction of employees, clients product offerings or inventory; alterations to your building; or changed state regulations.
- Find out how plans differ to make sure you are purchasing the best policy for your particular business at a competitive price.
- Claim a tax deduction for your premiums on fire, casualty, and burglary insurance.
- Avoid purchasing overlapping policies. Reviewing your policy regularly will help ensure that you are not missing crucial coverage in other areas.

Property insurance

Your property insurance policy covers you for damage or theft of the physical property and equipment of your small business. If you own the physical structure of your business address, your property insurance should cover both the structure and its other assets. If you lease the space you occupy, you are responsible for insuring your personal property/contents. As a leaseholder, you need to have a contingency plan in case your landlord or your landlord's insurer is not able to promptly repair the building where your business is located.

More information about property insurance:

There are three types of property insurance, each covering a wider range of perils. Know which form your business has—Basic, Broad, or Special—and what perils are covered.

Check to see if your property will be replaced for the actual cash value (ACV) or replacement cost. ACV reimburses the cost to replace, rebuild or repair damages, taking depreciation into consideration. Replacement cost does not factor in depreciation.

Flood is not a covered peril in a standard business property insurance policy. You can purchase flood coverage from the National Flood Insurance Program (NFIP), administered by the Federal Emergency Management Agency (FEMA). You generally have to wait 30 days for a flood insurance policy to go into force. If you are worried about damage from flood, find out more about the NFIP at www.floodsmart.gov. If the flood insurance property limits from the NFIP are inadequate to cover your business, check with your insurance agent about coverage options.





Business interruption coverage

Business interruption/continuation insurance covers expenses associated with running your business, like your payroll and utility bills, based on your company's financial records. Business interruption/continuation may also help pay for the extra expenses to keep your business in operation until you recover. This coverage generally includes a waiting period that serves as the deductible.



Filing a claim

Contact your insurance company immediately to report the loss and follow the instructions given to you by claims personnel. You may have several different policies that cover all of the damages from the storm (a flood policy, a homeowners policy, an auto policy that may cover damage to your car from flooding), and it is likely you will have to file separate claims for each loss.

Take photos of the damage, when it is safe to do so.

Get organized. Get a complete copy of your insurance policy or contract and find your previous business tax filings. Many commercial business filings have income loss protections and your filing may help you to identify lost property. Collect any records that can prove the value of damaged equipment. If you have business interruption insurance, you will need to prove income to determine the amount of business lost.

Keep a log of expenses incurred and contacts made with the insurance company.

Improve energy efficiency when making replacements

Efficiency should be one of the top factors to consider when replacing energy-related equipment. Always look for the ENERGY STAR® label (the government-backed symbol for energy efficiency) and check out the ENERGY STAR website (www.energystar.gov) for comparisons between different models. Investing in efficiency will result in lower utility bills and operating costs over the long term.

Minimum efficiency suggestions include:

- **Furnace**: Annual fuel utilization efficiency (AFUE) rating of at least 95 percent; additional savings with variable speed fan motors.
- **Boiler**: AFUE of at least 85 percent.
- **Air conditioner**: Seasonal energy efficiency ratio (SEER) of at least 14.
- **Water heater**: Energy factor (EF) of at least 0.67 for gas heating models, 2.0 for electric.
- **Other**: Many appliances and mechanical equipment commonly found in basements—including heat recovery ventilators, dehumidifiers, clothes washers, and chest freezers–have energy–related ratings that should be carefully compared before making purchases.

Incentives for replacement equipment

Many utility companies offer rebates when purchasing high-efficiency equipment. Tax credits and other incentives may exist for energy–saving products and renewable energy systems. For instance, The Minnesota Commerce Department administers the Made in Minnesota Solar Incentive Program for new solar electric and solar thermal systems. Go to the Database of State Incentives for Renewables & Efficiency at www.dsireusa.org for the latest listing of rebates and incentives in Minnesota.



The U.S. Department of Energy also offers a list of resources for residents and businesses that are looking to rebuild after a disaster–[From Tragedy to Triumph: Resources for Rebuilding Green after Disaster]" (pdf).

Making an inventory list

Once you've rebuilt or repaired your home, and you're replacing damaged property, it's time to prepare for the future.

- **Make an inventory list of everything you own.** If you don't want to write everything down or type it into a spreadsheet, you can film a video to show your household items, describing each in as much detail as possible. There also are many mobile apps that will make it easier to create an inventory list. The National Association of Insurance Commissioner (NAIC) has a free home inventory app in the Apple App Store or on Google Play.
- **If you prefer the low-tech way**, download the Minnesota Department of Commerce's Home Inventory Checklist. It provides a room-by-room guide for your home inventory. You can fill it out, update it, and keep it as an on-going record of your possessions. Make sure you keep this information in a safe place.
- **Make a copy of your inventory list and keep it with your insurance policy**. You could put the copy somewhere safe, such as a bank safety deposit box. You also could store a copy online.
- **Put your insurance company name, policy number, and company contact information somewhere you could find it in a disaster.**
- **Review your policy with your insurance agent each year** to see if your needs have changed.



Compiling financial records

Records of your finances will be necessary for short-and long-term planning. They will give an organized view of your financial picture and may also be required when you apply for assistance in the form of both grants and loans.

Your insurance company or agent

- Policies
- Contract
- Recent billing statements
- Cash value statements

Financial institutions

- Account statements
- Credit reports
- Loan application records

Internal Revenue Service and Minnesota Department of Revenue

- Tax records
- Tax filings

Credit bureaus

- Visit annualcreditreport.com – the only website where you can request free credit reports.

Insurance premium payments

Some insurance companies have instituted a deferred payment plan to provide disaster victims some flexibility for their immediate financial obligations.

Check with your insurance agent or company to find out if they can offer premium payment deferrals or accelerated claims payment.



Mortgage payments

Check with your mortgage lender to see if the terms of your mortgage include what is a called a "forbearance" provision that suspends or reduces payment obligations in the event of disaster.

These may include:

- Temporary suspension of payments
- Longer period of reduced payments
- Loan restructuring to create a longer payback period
- Other loan payments

Some financial institutions may offer lower payment plans to customers who qualify for U.S. Small Business Administration loans, disaster housing grants, or other grant/loan programs. Contact the Federal Emergency Management Agency or the Small Business Administration about disaster loans.

Check the Minnesota Fix-Up Fund and Energy Saver Rebate Programs for low cost loans for needed improvements. To identify participating Fix-Up Fund lenders, contact the Commerce Department Energy Information Center at 651-539-1800 or 800-657-3710 (Greater Minnesota only).

Contact local financial institutions that are Minnesota Housing Finance Agency lenders for:

- Direct loans
- Modification of existing credit terms
- Assistance in accessing federal low-cost loans
- Organizing your financial information
- To get a full picture of your finances, you will need to find out what you owe.

1. **Make a list of your creditors and lenders** (think about outstanding credit card debt or loans) and contact them to explain your situation. Creditors might be aware of your situation and have a procedure in place.
2. **Get the balance due for each account**. Ask about flexible payment arrangements or settlement availability. Creditors and lenders will most likely be willing to work out an arrangement with you that will result in repayment that is possible within your financial picture.
3. **Make a list of outstanding debts** and money available from grants or low-grant loans and insurance claims to give you a clearer picture of your financial situation.
4. **Settle accounts.** If possible, or attempt to work out a payment plan with each creditor.

Credit counseling services

A disaster can create burdensome debt. You may be interested in working with a professional to resolve outstanding payments.

Check with the Minnesota Department of Commerce to see if a credit service organization is registered or a debt management company is licensed at mn.gov/commerce (scroll to the bottom of the page and select “License Lookup”). Check if the counseling agency is a member of a major association, such as the National Foundation for Credit Counseling or the Association of Independent Consumer Credit Counseling Agencies.

Reputable agencies offer free face-to-face counseling sessions to discuss your spending habits, arrange a budget, and help you handle your personal finances. Avoid services offered over the phone or online.



Insurance Contacts for Homeowners

Minnesota Property Insurers

If your insurance company is not on this list, contact your agent or company directly to start the claims process.

AAA

1-800-222-1333

mn-ia.aaa.com

Allied Insurance

1-800-532-1436

www.alliedinsurance.com

Allstate Insurance Company

1-800-54-Storm

www.Allstate.com

American Family

1-800-MYAMFAM (1-800-692-6326)

www.amfam.com

American National General Insurance Company

1-800-333-2860

www.anpac.com

Ameriprise Auto & Home Insurance

1-800-872-5246

www14.ameriprise.com

Amica Mutual

1-800-242-6422

www.amica.com

Austin Mutual

1-800-328-4628

www.austinmutual.com

Auto-Owners Insurance

517-323-1200

www.auto-owners.com

Century Insurance Group

1-800-878-7389

www.centurysurety.com

Country Financial

1-800-846-0100

www.countryfinancial.com

Employers Mutual Casualty

1-888-362-2255

www.emcins.com

Farm Bureau Financial Services

1-800-226-6383

www.fbfs.com

Farmers Insurance Group

1-800-HelpPoint (1-800-435-7764)

www.farmers.com

Foremost Insurance Group

1-800-527-3907

www.foremost.com

GMRC

1-877-467-2252

www.grinnellmutual.com/

Harleysville

1-800-892-8877

www.harleysvillegroup.com

Hartford Steam Boiler Inspection & Insurance

1-888-HSB-LOSS (1-888-472-5677)

www.hsb.com

Horace Mann Companies

1-800-999-1030

www.horacemann.com

Integrity

1-800-348-1741

www.integrityinsurance.com

Liberty Mutual

1-800-2-CLAIMS

www.libertymutual.com

Met Life

1-800-854-6011

www.metlife.com

Minnesota FAIR Plan

612-338-7584 Twin Cities

800-524-1640 Outside Twin Cities

www.mnfairplan.org

National Farmers Union Property & Casualty Co.

1-866-NFU-LOSS (1-866-638-5677)

www.nfuic.com

Nationwide Insurance

1-800-421-3535

www.nationwide.com

North Star Mutual

1-800-622-5230

www.nstarco.com

Old United Casualty

1-800-866-6090

www.oldunited.com

Progressive

1-800-776-4737

www.progressive.com/homeowners/

RAM Mutual Insurance Company

218-879-3321

www.rammutual.com

SECURA

1-800-318-2136

www.secura.net

State Farm

1-800-SF Claim (1-800-732-5246)

www.statefarm.com

Travelers

1-800-CLAIM33

www.travelers.com

USAA

1-800-531-USAA (1-800-531-8722)

www.usaa.com

West Bend Mutual

1-877-922-5246

www.thesilverlining.com

Claim Information

Name of Insurance Company:

Claim Number:

Phone Number:

Insurance Adjuster Information

Adjuster Name:

Adjuster Company:

Phone Number:

Adjuster License Number:

Website:

Contractor(s)

Name of Company:

Representative:

Phone Number:

License Number:

I checked:

☐ They have liability insurance ☐ With my insurance company ☐ With the Better Business Bureau ☐ Online Search

Name of Company:

Representative:

Phone Number:

License Number:

I checked:

☐ They have liability insurance ☐ With my insurance company ☐ With the Better Business Bureau ☐ Online Search

Claim Communication Log

Who did I talk to:

Name of Company:

Date/Time:

What we talked about:

What is Next:

Who did I talk to:

Name of Company:

Date/Time:

What we talked about:

What is Next:

Claim Communication Log

Who did I talk to:

Name of Company:

Date/Time:

What we talked about:

What is Next:

Who did I talk to:

Name of Company:

Date/Time:

What we talked about:

What is Next:

Emergency Repair Log

To help you keep track of any emergency repairs, here are some forms to help you.

Repair:

Cost of Repair:

Date of Repair:

Repair:

Cost of Repair:

Date of Repair:

Repair:

Cost of Repair:

Date of Repair:

Emergency Repair Log

To help you keep track of any emergency repairs, here are some forms to help you.

Repair:

Cost of Repair:

Date of Repair:

Repair:

Cost of Repair:

Date of Repair:

Repair:

Cost of Repair:

Date of Repair:

Other Government Resources

Federal Emergency Management Agency (FEMA) Disaster Assistance

1-800-621-FEMA (1-800-621-3362)

The Minnesota Energy Assistance Program, administered by the Minnesota Department of Commerce may offer energy utility bill assistance or furnace replacement or repair (800-657-3710, MN only).

Eligibility for the Minnesota Energy Assistance Program is based on income. For example, a household of four with an annual income of $46,056 or less would be eligible.

County Emergency Managers: list of counties at https://dps.mn.gov/divisions/hsem/contact/Pages/county-emergency-managers.aspx

US Small Business Administration: low-interest loans to homeowners, renters, businesses & organizations in a declared disaster.

Minnesota District Office: Minnesota District Office
330 Second Avenue South Suite 430
Minneapolis, MN
Phone: 612-370-2324

In addition, you can look to these community-based resources for information:

The University of Minnesota Extension AnswerLine: for information on food safety, mold clean-up, and guidance on post-disaster financial decisions.

1-800-854-1678

Minnesota Farmer Assistance Network: MFAN provides business and financial guidance at no cost to Minnesota farmers and farm families facing economic hardship.

1-877-898-MFAN (6326)
651-201-6326 (local)
mfan.mda@state.mn.us

Mortgage Default Information and Counseling: 888-234-4935, toll free

National Flood Insurance Program: 1-888-379-9531 or floodsmart.gov.

Disaster Distress Helpline: Substance Abuse and Mental Health Services Administration: provides information, support and counseling - 800-985-5990 or text TalkWithUs to 66746.

Ready.gov: Prepare. Plan. Stay Informed: tools to help Americans prepare and respond to emergencies.

National Disaster Legal Aid: for low/moderate income individuals at http://www.disasterlegalaid.org/

Lutheran Social Services Disaster Response: 1-800-582-5260 LSS services include long-term disaster case management, volunteer coordination, rebuild assistance, mental health supports, financial counseling.

COMMERCE DEPARTMENT

Minnesota Department of Commerce

85 7th Place East, Suite 292
St. Paul, MN 55101
651-539-1500 | mn.gov/commerce

Consumer Services Center

651-539-1600 | 800-657-3602
consumer.protection@state.mn.us